

Health systems' proposed merger 'relatively' on schedule, leaders say

DAVID MCGEE BRISTOL HERALD COURIER | Posted: Friday, October 16, 2015 10:24 pm

KINGSPORT, Tenn. — A significant amount of work is going into the proposed merger of two regional health systems and that process remains “relatively” on schedule, its leaders said Friday.

The CEOs of Wellmont Health System and Mountain States Health Alliance discussed that process and continued to tout the value of merging during a Healthy Kingsport symposium at the MeadowView Marriott. Both systems jointly announced in April they would pursue merging operations for their hospitals and health care facilities in East Tennessee and Southwest Virginia.

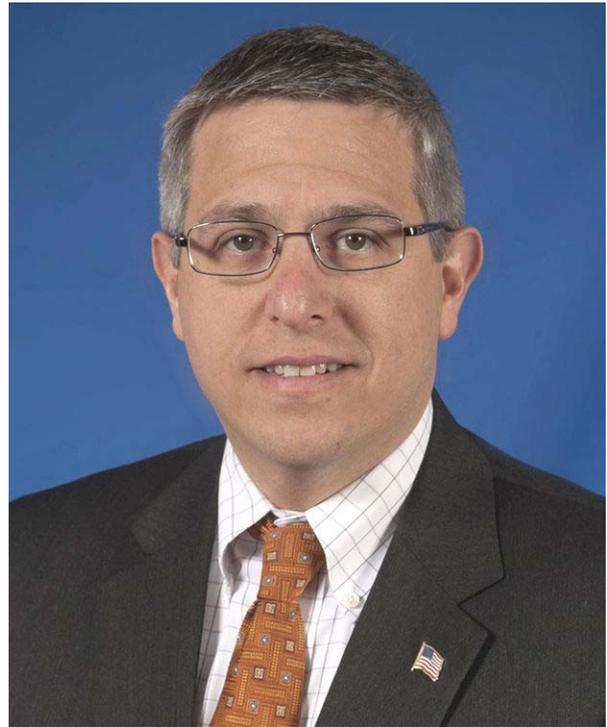
About a month ago, both filed letters of intent with state regulatory agencies in Tennessee and Virginia that they would seek their approval of the proposed merger.

Speaking before a room of regional health care providers, Mountain States CEO Alan Levine and Wellmont CEO Bart Hove answered questions and offered insight into the process.

“The due diligence process is an important process and that’s what we’ve been doing,” Levine said after the event. “We’ve all decided it’s best to do that right, take our time and make sure we’re thorough. That’s the fiduciary responsibility of both boards and I think they’re taking it very seriously. While we have an approximate timeline, it’s always better to be thorough and get it right the first time. Even with that we’re still relatively on target of where we want to be.”

Hove said the process has been demanding and they continue working.

“It is a tremendous amount of work and continues to fill our plates but we’re very enthused about the progress we are making,” Hove said after the program. “We still intend to file the COPA



BHC 10172015 Alan Levine

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[certificate of public advantage] application this fall and the more we work together the more excited we become about the opportunity of that continuing on under a merged organization.”

A COPA in Tennessee and the similar cooperative agreement process in Virginia would allow the systems to merge, with the states actively supervising the proposed health system.

Tennessee’s Department of Health recently released interim regulations governing COPAs in Tennessee, and Virginia’s Department of Health is finalizing rules to oversee similar cooperative agreements. The rules provide a process and framework for state officials to follow in receiving and reviewing applications for such agreements and then actively supervising these agreements if approved.

Regulators have initially expressed interest although the formal proposal isn’t yet filed, Hove said. “Everybody is interested in what is going on. They’re not leaning one way or the other toward the process but they all are knowledgeable and interested,” Hove said.

Levine said mergers of all types continue exploding across the current health care landscape.

“Anthem [insurance] is planning to buy Cigna and Aetna is buying Humana. There is massive consolidation out there,” Levine said. “Hospitals have been acquired by other hospitals, big hospital systems have been buying small hospital systems and you’re seeing this huge wave of consolidation, largely because of Obamacare. Some of it was already happening but it really went at a fast pace after the Affordable Care Act.”

The Wellmont-MSHA merger plan continues garnering support from area businesses, health care groups and large self-insured employers, Levine said, telling the audience all but one major health insurance provider currently supports a merger.

“We’ve been having public meetings almost nonstop since we announced and what we’ve seen is, organizations like the Tennessee Nurses Association came to the last forum we had and the president of the Tennessee Nurses Association endorsed the merger,” Levine said. “People are doing their homework and asking the tough questions and we’re making it a priority to make ourselves available and answer everybody’s questions. Because we’re being transparent and doing it the right way, people are getting a sense of confidence.”